

BUDGET LETTER

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| SUBJECT: OFFICE REVOLVING FUND DISBURSEMENTS | NUMBER: 04-12 |
| REFERENCES: GOVERNMENT CODE SECTION 16401; STATE ADMINISTRATIVE MANUAL SECTIONS 8110, 8595 | DATE ISSUED: June 30, 2004 SUPERSEDES: BL 03-15 |

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward a copy of this Budget Letter to Departmental Human Resources and Labor Relations Officers.

This Budget Letter (BL) reminds State departments that Office Revolving Fund (ORF) disbursements are prohibited for fiscal year 2004-05 payments until the 2004 Budget Act becomes effective. Generally, this restriction applies to ORF payments for travel advances, travel expenses, discount invoices, and other payments made by ORF check.

Government Code Section 16401 requires that all ORF disbursements be in accordance with law. Until there is a 2004 Budget Act, there is no spending authority for many 2004-05 related disbursements. However, revolving fund disbursements for the prior year may be allowable during this time period.

Employees subject to the Fair Labor Standards Act must be compensated for work performed. Therefore, ORF disbursements are permissible for salary earned when errors or delays prevent the payroll warrant from being delivered. The amount of the ORF check will be as close as possible to the actual net pay of the Controller's warrant, in accordance with State Administrative Manual Section 8595.

Additional information is available on the Finance website at http://www.dof.ca.gov/fisa/fscu/fscu_FAQs.htm. If you have any questions regarding this BL, please contact the Department of Finance, Fiscal Systems and Consulting Unit, at (916) 324-0385, CALNET 454-0385, or e-mail FSCUHotline@dof.ca.gov.

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
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